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1993/11/01

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----- 81/8958Z A2 DDK (TOTAL COPIES: 813)
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----- FFC77F 818448Z /38

R 818437Z NOV 93

FM AMCONSUL SHANGHAI
TO SECSTATE WASHDC 3485
INFO AMEMBASSY BEIJING
AMCONSUL SHENYANG
AMCONSUL GUANGZHOU
AMCONSUL HONG KONG
AIT TAIPEI 2452

CONFIDENTIAL SHANGHAI 18354

BEIJING PASS CHENGDU

E.O. 12356: DECL: OADR
TAGS: PREL, PIRN, US, CH
SUBJ: SINO-US RELATIONS ON THE EVE OF THE SEATTLE MEETING:
A SHANGHAI PERSPECTIVE

REF: A) SHANGHAI 9559 B) SHANGHAI 185

1. QOUI SUMMARY. AN INFLUENTIAL SHANGHAI-BASED INTERNATIONAL RELATIONS THINK-TANK, THE CHINESE INSTITUTE FOR PEACE AND DEVELOPMENT STUDIES (P&D), ON ABOUT OCTOBER 28 FORWARDED TO BEIJING AUTHORITIES A REPORT RECOMMENDING THAT CHINA USE THE SEATTLE "SUMMIT" TO REVERSE THE DOWNTURN IN SINO-U.S. RELATIONS, TO FORMALIZE A MORE POSITIVE AND ASSERTIVE POLICY TOWARD ASIA AS A WHOLE, TO RESOLVE THE TAIWAN ISSUE, AND TO ESTABLISH A PERSONAL RELATIONSHIP BETWEEN THE TWO PRESIDENTS WHICH WILL LEAD TO AN EXCHANGE OF OFFICIAL VISITS. ACCORDING TO THE CHIEF AUTHOR OF THE REPORT (WHICH REPRESENTS A CONSENSUS OF SHANGHAI FOREIGN POLICY RESEARCHERS), THE REPORT ARGUES THAT IMPROVED SINO-U.S. RELATIONS ARE CRITICAL TO STABILITY AND MODERNIZATION IN CHINA. CHINA NEEDS TO IMPROVE ITS IMAGE AND REPUTATION IN ASIA IN ORDER TO CREATE THE FAVORABLE AND FRIENDLY INTERNATIONAL ENVIRONMENT IN WHICH THE CHINESE LEADERSHIP CAN CONCENTRATE ON DOMESTIC ECONOMIC AND POLITICAL MODERNIZATION, INCLUDING THE PEACEFUL TRANSITION OF LEADERSHIP.

2. QOUI RECOGNIZING THE CRITICAL ROLE THE MASS MEDIA PLAYS IN SHAPING PUBLIC OPINION IN THE U.S., THE REPORT ALSO HIGHLIGHTS THE NEED TO IMPROVE CHINA'S IMAGE BY ADOPTING A MORE OPEN AND POSITIVE POLICY TOWARD THE FOREIGN MASS MEDIA. SPECIFICALLY, THE GROUP SUGGESTED THAT JIANG ZEMIN LOOSEN CONTROLS ON FOREIGN CORRESPONDENTS IN CHINA, INVITE KEY FOREIGN MASS MEDIA PEPPERS/INITIATIVES TO SEE CHINA BEFORE THE SEATTLE MEETING, AND HOLD A PRESS CONFERENCE AND INTERVIEWS IN CONNECTION WITH THE SEATTLE MEETING. AT THE SAME TIME, P&D RESEARCHERS SUGGESTED THAT THE U.S. SERIOUSLY CONSIDER IMPROVING ITS IMAGE IN CHINA BY APOLOGIZING TO CHINA FOR ITS "MIS-HANDLING" OF THE "YINHE" AFFAIR.

3. QOUI: EMPHASIZING THAT THEY HAD NOT YET RECEIVED ANY FEEDBACK OR REACTION TO THE REPORT FROM BEIJING POLICY-MAKERS, THE P&D INTERLOCUTORS SAID THAT ON THE SPECIFIC ISSUES OF CONCERN TO THE U.S., THEIR READING OF THE CLIMATE IN BEIJING

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INDICATED THAT JIANG MIGHT BE PREPARED TO TAKE A MORE FLEXIBLE ATTITUDE AND REACH A GENERAL AGREEMENT THAT "HUMAN RIGHTS ARE IMPORTANT IN/TO BOTH COUNTRIES," BUT THAT CHINA WILL CONTINUE TO ASSERT THAT EACH COUNTRY HAS ITS OWN FUNDAMENTAL VIEW OF WHAT THOSE RIGHTS ENTAIL. THEY UNDERSTAND THAT BEIJING IS "SERIOUSLY CONSIDERING" INVITING THE ICRC AND OPINED THAT IT IS JUST A MATTER OF TIME. ON ARMS/WEAPONS PROLIFERATION, THE RESEARCHERS SAID THEY HAD RECOMMENDED THAT THE PEOPLE'S LIBERATION ARMY BE MORE "SELF-CONTROLLING," I.E., THAT A STRUCTURE MUST BE PUT IN PLACE TO ENSURE BETTER CONTROL OVER EXPORTS OF WEAPONS AND COMPONENTS. HOWEVER, THEY DID NOT KNOW HOW OR IF THIS ISSUE WOULD BE ADDRESSED BY JIANG IN SEATTLE. END SUMMARY.

4. QOUI ON OCTOBER 30, CONGENOFF AND VISITING EMBOFF MET WITH RESEARCHERS AT THE CHINESE INSTITUTE OF PEACE AND DEVELOPMENT STUDIES (P&D) TO DISCUSS SINO-U.S. RELATIONS, INCLUDING HUMAN RIGHTS. P&D HAS ONE OF THE FEW FORMAL HUMAN RIGHTS STUDIES CENTERS IN CHINA. THE INSTITUTE HAS WELL-ESTABLISHED OPEN LINES TO KEY MINISTRIES AND PLAYS AN IMPORTANT ROLE IN FORWARDING THE VIEWS OF SHANGHAI INTERNATIONAL RELATIONS SPECIALISTS, PRESENTING AN "ALTERNATE" VIEW TO THAT OF BEIJING'S INSTITUTES (REF A, B). FOR EXAMPLE, ON OCTOBER 18, P&D HOSTED A ONE-DAY ROUNDTABLE OF SOME 28 SHANGHAI SPECIALISTS (FROM FUDAN UNIVERSITY, SHANGHAI ACADEMY OF SOCIAL SCIENCES, SHANGHAI INSTITUTE FOR INTERNATIONAL STUDIES, AND SHANGHAI INTERNATIONAL STUDIES UNIVERSITY) TO DISCUSS A REPORT ON SINO-U.S. RELATIONS WITH RECOMMENDATIONS FOR JIANG ZEMIN'S MEETING WITH PRESIDENT CLINTON IN SEATTLE IN NOVEMBER.

APEC "SUMMIT"

CHINA'S AGENDA: TAIWAN

5. QOUI P&D VICE PRESIDENT (FOR ACADEMIC AFFAIRS) YANG JIEHIAN PROVIDED A SUMMARY OF THE REPORT'S MAIN POINTS. FIRST, CHINA SHOULD USE THE JIANG-CLINTON MEETING TO REVERSE THE "UNHAPPY DOWNTURN" IN SINO-U.S. RELATIONS. IN ADDITION TO ADDRESSING ISSUES OF CONCERN TO THE U.S., JIANG SHOULD SEEK TO "RESOLVE" THE TAIWAN ISSUE AND ESTABLISH A PERSONAL RELATIONSHIP WITH CLINTON WHICH WILL LEAD TO AN EXCHANGE OF OFFICIAL VISITS. YANG EMPHASIZED THAT THE "TAIWAN ISSUE IS VERY BASIC, PERHAPS THE MOST SERIOUS ISSUE FOR CHINA." THIS IS NOT AN ISSUE WHICH CAN BE RESOLVED GRADUALLY, LIKE OTHER

ISSUES. (NOTE: YANG DID NOT EXPAND ON THE NATURE OF THE ISSUE OR HOW IT SHOULD BE RESOLVED, BUT HE IS PROBABLY REFLECTING THE VIEW THAT CHINA SEEKS A HIGH-LEVEL REAFFIRMATION BY THE PRESIDENT THAT THE "THREE COMMUNIQUES" FORM THE BASIS OF U.S. POLICY TOWARD TAIWAN. END NOTE.)

BROADER INTERESTS

6. QOUI GOOD RELATIONS WITH THE U.S. ARE CRITICAL TO IMPROVING CHINA'S IMAGE AND REPUTATION IN ASIA. ARGUING THAT FRIENDLY RELATIONS WITH ASIAN-PACIFIC NATIONS ARE NECESSARY FOR CHINA'S ECONOMIC MODERNIZATION AND POLITICAL STABILITY, THE REPORT RECOMMENDS THAT CHINA USE THE OPPORTUNITY OF THE APEC MEETING "TO FORMALIZE A MORE POSITIVE AND ASSERTIVE POLICY" TOWARD ASIA. NOTING THAT CHINA HAS ALREADY MOVED FROM ITS EARLIER "DEFENSIVE" POLICY TOWARD ASIA, ESTABLISHING OR NORMALIZING RELATIONS WITH ASEAN MEMBERS AND SOUTH KOREA, THE REPORT ARGUES THAT CHINA NEEDS GOOD RELATIONS WITH ITS REGIONAL

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NEIGHBORS SO IT CAN FOCUS ON ITS DOMESTIC MODERNIZATION AND DEVELOPMENT. FURTHER, "A FAVORABLE ASIA-PACIFIC ENVIRONMENT WILL BE CONDUCIVE TO A PEACEFUL TRANSITION OF LEADERSHIP IN CHINA."

U.S. AGENDA: HUMAN RIGHTS

7. (LOU) ON HUMAN RIGHTS, YANG AND HUMAN RIGHTS RESEARCH CENTER EXECUTIVE SECRETARY SUH CHANLIN ARGUED THAT WHILE THERE HAS BEEN "A CHANGE IN ATTITUDE TOWARD HUMAN RIGHTS," THAT CHINESE LEADERS ARE NOW MORE FLEXIBLE AND WILLING TO DISCUSS THE ISSUE WITH FOREIGN GOVERNMENTS, THEIR "FUNDAMENTAL VIEW" HAS NOT CHANGED. THAT IS, CHINA HAS A DIFFERENT VIEW OF HUMAN RIGHTS WHICH PRIORITIZES ECONOMIC AND SOCIAL RIGHTS OVER POLITICAL AND CIVIL RIGHTS. HENCE, YANG PREDICTED THAT WHILE JIANG MIGHT BE WILLING TO REACH SOME GENERAL AGREEMENT AT SEATTLE THAT "HUMAN RIGHTS ARE IMPORTANT," ULTIMATELY THE BEST SOLUTION WOULD BE "TO AGREE TO DISAGREE" OVER THE DEFINITION OF HUMAN RIGHTS.

8. (LOU) YANG SAID IT IS FAIR TO SAY THAT "HUMAN RIGHTS" IS AT A "HIGHER LEVEL" IN THE U.S. THAN IN CHINA; CHINA IS STILL A DEVELOPING COUNTRY WITH A COMPARATIVELY LOW LEVEL OF EDUCATION AND POLITICAL SOPHISTICATION. THE P&D INTERLOCUTORS NOTED THAT SOME CHINESE POLICIES WILL NOT CHANGE: FOR EXAMPLE, FAMILY PLANNING AND CONTROLLED EMIGRATION.

9. (LOU) YANG, WHO MET WITH MFA INTERNATIONAL ORGANIZATIONS DEPARTMENT DIRECTOR QIN HUASUN ON OCTOBER 11, JUST AFTER ASECS SHATTUCK DEPARTED, SAID HE HAD THE IMPRESSION THAT THE GOVERNMENT IS ON THE VERGE OF ANNOUNCING AN INVITATION TO THE ICRC TO VISIT PRISONS. THAT QIN DID NOT "ANNOUNCE" IT IN HIS MEETING WITH SHATTUCK INDICATES THAT NOT EVERYONE HAS CHOPPED OFF ON THE DECISION BUT HE BELIEVED THE ANNOUNCEMENT MAY BE MADE AT THE SEATTLE MEETING. ON THE OTHER HAND, YANG SAID HE THOUGHT THE GOVERNMENT WAS STILL TOO WARY OF SUCH ORGANIZATIONS AS AMNESTY INTERNATIONAL AND ASIA WATCH TO BE WILLING TO EXTEND THEM AN INVITATION TO VISIT CHINA.

10. (LOU) ON WEAPONS PROLIFERATION, YANG DID NOT DIRECTLY ADDRESS THE ISSUE, BUT RESPONDED TO A COMMENT BY SAYING THAT P&D HAD RECOMMENDED IN ITS REPORT THAT THE CHINESE GOVERNMENT -- AND THE PLA, IN PARTICULAR -- BE MORE "SELF-CONTROLLING," I.E., THAT A STRUCTURE BE PUT IN PLACE TO ENSURE BETTER CONTROL OVER EXPORTS OF WEAPONS AND COMPONENTS. THE BOTTOM LINE, SAID YANG, IS THAT IT IS IN CHINA'S INTERESTS TO ABIDE BY ITS INTERNATIONAL AGREEMENTS AND TO POLICE AND IMPLEMENT ITS OWN INTERNAL REGULATIONS.

ATMOSPHERICS

11. (LOU) YANG AND AMERICAN STUDIES FELLOW HU YONGJUN SAID THAT THE REPORT ALSO HIGHLIGHTED THE IMPORTANCE OF PUBLIC RELATIONS AND RECOMMENDED THAT JIANG INVITE AMERICAN JOURNALISTS TO VISIT CHINA BEFORE THE MEETING, LODSEN RESTRICTIONS ON RESIDENT FOREIGN JOURNALISTS, AND MEET WITH AMERICAN MEDIA REPRESENTATIVES IN THE U.S. PUBLIC RELATIONS IS A "FOREIGN CONCEPT," SAID YANG, BUT CHINESE LEADERS NEED TO REALIZE THAT AMERICANS FORM THEIR IMPRESSIONS OF CHINA FROM THE MEDIA, NOT FROM CHINESE PROPAGANDA. YANG FURTHER RECOMMENDED IN THE REPORT, THAT THE CHINESE GOVERNMENT UNDERSTAND AND ACCOMMODATE THE NEED FOR AN "OPEN" INFORMATION ENVIRONMENT AND NOT REACT SO STRONGLY TO ISOLATED INCIDENTS OF FOREIGN JOURNALISTS WANDERING OFF THE RESERVATION OR OBTAINING INSIDE INFORMATION.

12. (LOU) AT THE SAME TIME, SAID YANG, THE AMERICANS NEED TO

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UNDERSTAND THE NATIONALISM OF THE CHINESE, THEIR SENSE OF INFERIORITY AND ANGER AT HAVING BEEN OCCUPIED AND HUMILIATED BY WESTERN POWERS (AND JAPAN). CHINA WANTS -- AND DESERVES -- TO BE TREATED AS AN EQUAL. IN THIS CONTEXT, YANG SAID, QUITE

FRANKLY MANY CHINESE INTELLECTUALS (AND AVERAGE CITIZENS) THINK THE U.S. IS "ARROGANT AND IGNORANT." USING THE WAY THE U.S. HANDLED THE "YINHE" AFFAIR AS AN EXAMPLE OF THIS BEHAVIOR, YANG QUOTED A CHINESE PROVERB TO THE EFFECT THAT SINCE THE U.S. FOUND NOTHING ON THE SHIP, THE U.S. OWES CHINA AN APOLOGY. AN APOLOGY WOULD GO A LONG WAY TOWARD BOTH RESTORING THE CREDIBILITY OF THE U.S. IN THE EYES OF THE CHINESE PEOPLE AND ELIMINATING A SOURCE OF FRICTION IN SINO-U.S. RELATIONS.
(NOTE: YANG CLAIMED NOT TO KNOW THE INSIDE STORY OF THE

"YINHE" AND WHAT IT SUPPOSEDLY WAS CARRYING AND HOW, BUT HE STATED THAT HE "UNDERSTOOD SOME PEOPLE IN THE U.S. INTELLIGENCE SERVICE WERE CRITICIZED FOR THE INTELLIGENCE FAILURE." END NOTE.)

COMMENT

13. [REDACTED]

OGDEN

NOTE: NOT PASSED TO ABOVE ADDRESSEE(S)

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